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FARM MORTGAGE LOANS BY BANKS, INSURANCE COMPANIES, AND OTHER AGENCIES.

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The financial difficulties experienced by farmers during the year 1921 have led to renewed interest in the problems of rural credit, and attempts have recently been made by the Department of Agriculture to gather significant data on this subject. The specific object of the study, which was made by means of questionnaires and correspondence, was to ascertain the amount of farm credit available from various sources, the cost of such credit to the farmer, the term for which loans are available, and the method of repayment provided for. The facts relating to farm mortgage credit, as disclosed in this study, will be found in condensed form on the following pages.

NEED OF MORE COMPLETE DATA.

The information available concerning the amount and sources of farm mortgage loans in the United States is fragmentary. The censuses of 1890, 1900, 1910, and 1920 in each case called for certain information regarding mortgage loans on farms operated by full owners. According to the final reports for the census of 1920, mortgage indebtedness on farms so operated amounted to $4,003,767,192, as against $1,726,172,851 in 1910. The value of the farms operated by full owners has also been made public, as well as the

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value of all farms in the United States. The figures for estimated total farm mortgage indebtedness as given in the first column of Table 1 are based on the assumption that in each State all farms are on the average mortgaged to the same percentage of their value as are the owner-operated farms for which data are available. This is a somewhat bold assumption, as no comprehensive study has been made of the relative amount of indebtedness on owner-operated farms as compared with that on farms of other tenures. It seems probable that these figures are somewhat high for many States, or, in other words, that they represent the maximum rather than the actual amount.

Information concerning the sources of farm mortgage loans, so far as present holders of mortgages represent such sources, is no more complete than the figures on total mortgages outstanding. The estimated totals of farm mortgages held by banks, as shown in the second column of Table 1, also involve certain assumptions which expose them to possible error. The method followed in arriving at these estimates will be outlined on a later page.

NATURE AND COMPARABILITY OF DATA.

The figures in Table 1 on loans held by insurance companies, by the Federal and joint-stock land banks, by State agencies, and by farm mortgage bankers, respectively, represent actually reported figures only. The amounts reported for the land banks are official and complete.

The figures given for the amounts and percentages of farm loans held by the various agencies, although not exactly comparable, are, with certain explanations, sufficiently so to warrant their being presented together. The figures representing bank loans are distributed on the basis of the location of the banks rather than of the loans, whereas for the other agencies the location of the mortgaged property determines the allocation. An examination, therefore, of the amounts and percentages of loans held by the various agencies will disclose that in some States the banks held more than 100 per cent of the estimated total farm mortgages for the States in which they were located. This is due, of course, to the fact that the banks of these States had invested a considerable portion of their funds in farm loans in other States, chiefly certain States in the central section where land values are considered well established, and the rates of interest are nevertheless appreciably higher than in the States in which these banks are located. As a general rule, however, the farm mortgage loans held by banks are on land located in or near the regular business territory of the banks.

TABLE 1.—*Estimated amount and partial sources of farm mortgage loans, 1920, by States (in millions of dollars).*

Geographic division and State.	Estimated total farm mortgage debt.	Farm mortgages held by—									
		Banks.		Insurance companies.		Land banks.[a]		State agencies.		Mortgage bankers.	
		Amount.	Per cent.	Amount.	Per cent.	Amount.	Per cent.	Amount.	Per cent.	Amount.	Per cent.
United States	8,556.8	1,447.5	17	1,214.7	14	[b] 435.1	5	95.2	1	253.3	3
New England	124.8	93.7	75	1.9	2	7.0	6	.5	(d)	.....	.....
Maine	20.9	5.4	26	(c)	.....	2.0	10	(c)	.....	.....	.....
New Hampshire	8.6	8.9	103	.....	.....	.4	5	.....	.....	.....	.....
Vermont	31.5	65.3	207	(c)	.....	1.0	3	.....	.....	.....	.....
Massachusetts	34.7	7.1	20	(c)	.....	1.9	5	.....	.....	.....	.....
Rhode Island	2.5	.3	12	.....	.....	.2	8	.....	.....	.....	.....
Connecticut	26.5	6.7	25	1.9	7	1.5	6	.5	2	.....	.....
Middle Atlantic	431.6	34.1	8	.5	(d)	10.0	2	.....	.....	.....	.....
New York	241.5	24.0	10	.3	(d)	5.4	2	.....	.....	.....	.....
New Jersey	42.7	1.0	2	(c)	.....	1.0	2	.....	.....	.....	.....
Pennsylvania	147.4	9.1	6	.1	(d)	3.5	2	.....	.....	.....	.....
East North Central	1,862.0	335.1	18	165.3	9	53.7	3	6.7	(d)	17.8	1
Ohio	246.6	51.9	21	23.3	9	4.3	2	.....	.....	1.8	1
Indiana	247.3	78.9	32	70.7	29	18.9	8	6.5	3	16.0	6
Illinois	640.5	106.0	17	64.3	10	17.2	3	.2	(d)	(c)	.....
Michigan	238.1	32.6	14	1.6	1	6.1	3	.....	.....	.....	.....
Wisconsin	489.5	65.7	13	5.5	1	7.3	1	.....	.....	.....	.....
West North Central	3,435.0	531.2	15	737.6	21	153.3	4	51.3	1	39.0	1
Minnesota	481.5	124.9	26	76.9	16	21.3	4	.....	.....	4.5	1
Iowa	1,200.2	213.3	18	285.7	24	47.2	4	4.8	(d)	11.1	1
Missouri	405.2	75.1	19	97.4	24	15.6	4	.....	.....	.5	(d)
North Dakota	280.3	27.1	10	28.8	10	20.7	7	9.4	3	3.3	1
South Dakota	298.5	22.1	7	59.4	20	9.6	3	37.1	12	6.7	2
Nebraska	451.6	35.3	8	91.2	20	20.6	5	.....	.....	5.6	1
Kansas	317.7	33.4	11	98.2	31	18.4	6	.....	.....	7.2	2
South Atlantic	364.6	94.0	26	46.6	13	33.4	9	.....	.....	8.7	2
Delaware	9.8	2.0	20	.2	2	.1	1	.....	.....	.....	.....
Maryland	51.6	5.6	11	.4	1	1.0	2	.....	.....	.....	.....
Dist. of Columbia	.3	1.2	400	.....	.....	.....	.....	.....	.....	.....	.....
Virginia	62.9	13.5	21	1.2	2	8.6	14	.....	.....	.....	.....
West Virginia	15.8	4.3	27	.1	1	3.5	22	.....	.....	.....	.....
North Carolina	59.5	24.7	42	7.0	12	6.3	11	.....	.....	.....	.....
South Carolina	54.5	17.2	32	6.3	12	6.3	12	.....	.....	(c)	.....
Georgia	90.7	21.2	23	30.1	33	4.4	5	.....	.....	8.1	9
Florida	19.6	4.3	22	1.3	7	3.2	16	.....	.....	.6	3
East South Central	323.0	101.1	31	51.7	16	33.4	10	.....	.....	.8	(d)
Kentucky	104.0	25.9	25	12.6	12	5.5	5	.....	.....	(c)	.....
Tennessee	83.9	19.3	23	17.4	21	7.5	9	.....	.....	.....	.....
Alabama	56.4	12.6	22	8.9	16	8.2	15	.....	.....	.6	1
Mississippi	78.6	43.3	55	12.8	16	12.2	16	.....	.....	.1	(d)
West South Central	748.2	73.3	10	154.0	21	68.0	9	16.1	2	33.3	4
Arkansas	81.5	22.2	27	12.9	16	10.8	13	.....	.....	2.5	3
Louisiana	42.7	26.7	63	3.0	7	5.6	13	.....	.....	.3	1
Oklahoma	201.4	8.7	4	48.0	24	6.6	3	16.1	8	11.3	6
Texas	422.6	15.6	4	90.2	21	44.9	11	.....	.....	19.2	5
Mountain	551.5	55.9	10	30.2	5	40.1	7	13.5	2	28.2	5
Montana	154.6	19.3	12	11.4	7	12.2	8	4.4	3	10.5	7
Idaho	117.1	6.0	5	9.0	8	10.7	9	3.3	3	7.5	6
Wyoming	35.0	7.1	20	.8	2	1.4	4	.....	.....	1.5	4
Colorado	141.9	6.1	4	3.0	2	5.7	4	.4	(d)	7.6	5
New Mexico	23.7	1.2	5	3.2	14	3.4	14	.....	.....	1.0	4
Arizona	31.9	3.4	11	1.0	3	.7	2	1.5	5	.....	.....
Utah	35.6	9.9	28	1.5	4	5.9	17	3.9	11	.....	.....
Nevada	11.8	2.9	25	.3	3	.2	2	.....	.....	.....	.....
Pacific	716.1	129.0	18	26.9	4	36.1	5	7.1	1	9.4	1
Washington	134.9	9.3	7	8.4	6	12.1	9	.....	.....	5.5	4
Oregon	103.0	5.4	5	5.2	5	11.7	11	7.1	7	3.9	4
California	478.3	114.3	24	13.3	3	12.2	3	.....	.....	.....	.....

[a] Including both Federal and joint-stock land banks.
[b] Including $7,459,243 not allocated by States, repaid on principal.
[c] Indicates less than $100,000.
[d] Less than one-half of 1 per cent.

LOANS BY LIFE INSURANCE COMPANIES.

The figures presented for life insurance companies are based on replies received from 216 companies out of a total number of 266. The 216 companies reporting had admitted assets of $6,539,537,868, representing 96.3 per cent of the assets of the total number of life insurance companies as reported in the Insurance Yearbook of 1920. Only 29 out of the 216 companies reported no farm mortgage loans. Assuming the farm mortgages held by the 50 companies not reporting to be the same percentage of their assets as that obtained for reporting companies, the total amount of farm mortgage loans held by all life insurance companies would be $1,256,225,217, or approximately $42,000,000 more than was actually reported and shown in the table. The total real estate loans of the 216 companies which reported amounted to $2,024,745,646. Farm mortgage loans, therefore, constituted 60 per cent of all real estate loans of these companies and 18.6 per cent of their admitted assets. In 1914, farm mortgage loans constituted only 39.7 per cent of total real estate loans and 13.3 per cent of admitted assets, whereas in 1916 the corresponding figures were 46.6 per cent and 15.3 per cent, respectively.[1] The increased percentage of assets invested in farm mortgages by life insurance companies is particularly striking in view of the fact that the percentage of total admitted assets represented by real estate loans of all kinds has decreased from 34.6 per cent in 1914 to 34.2 per cent in 1916 [1] and to 31 per cent in 1920. The figures in the table indicate that Iowa has 23.5 per cent of all farm mortgage loans by life insurance companies, which is approximately as much as was reported for the three next highest States, namely, Kansas, Missouri, and Nebraska, each of which had between ninety and a hundred millions of such loans.

The larger life insurance companies as a rule maintain their own investment departments and employ special loan agents or correspondents. Others rely for their mortgage loans largely on banks and mortgage brokers.

LOANS BY FEDERAL LAND BANK SYSTEM.

As has been previously stated, the figures given for the land banks are official, and comprise those for both the Federal and joint-stock land banks. It will be observed that in spite of adverse conditions, these institutions are now carrying 10 or more per cent of the estimated farm mortgage loans in 14 States. In general, the ratios of land bank loans to the estimated total farm mortgage debt are highest in the Southern and Western States, where farm mortgage credit has hitherto been particularly inadequate.

[1] "Life Insurance Farm Loan Investments in War Time," by Geo. T. Wight, Secretary and Manager, Association of Life Insurance Presidents.

LOANS FROM STATE FUNDS OR AGENCIES.

Considering the United States as a whole, the credit extended by so-called State agencies is rather insignificant. In a few of the States, however, especially South Dakota, Utah, Oklahoma, and Oregon, this source of credit has been of material aid to the farmers. In South Dakota and Oregon, systems are in operation under which State bonds are issued on the basis of first mortgages in a manner resembling that followed by the Federal Farm Loan System. In South Dakota 29 of the 37 million dollars of State loans indicated are from its rural credit system and the remainder from the public-school fund of the State. In Oklahoma bonds may be issued on the basis of second mortgages accepted under the so-called home ownership law. In the remaining 10 States the loans indicated for State agencies are from funds which originated chiefly through the sale of land belonging to the State schools or charitable institutions. In February of this year Wyoming enacted a rural credit law which authorizes loans to farmers on first mortgages from the common school permanent land fund. Although the system has not been in operation sufficiently long to permit the extension of much credit, the law provides that such loans may be made for a total not exceeding $1,000,000.

LOANS BY FARM MORTGAGE BANKERS.

The figures presented for the mortgage bankers are by far the most fragmentary of all. Questionnaires were sent to 132 of the more important farm mortgage bankers in the various States whose names and addresses were available. Sixty-four companies replied. In addition to the $253,313,656 of farm mortgages reported as held, $82,364,385 of farm mortgages had been sold to investors during the year. As might be expected, these companies are located chiefly in the larger cities of agricultural sections and place loans either in their own or in nearby States. These firms, therefore, constitute an important factor in meeting the demand for farm mortgage securities by investors, and thereby materially enlarge the source of such loans to the farmer.

OTHER SOURCES.

The five sources discussed above account for only about 40 per cent of the farm mortgage credit as indicated by the estimated mortgage debt. Undoubtedly, former owners and private investors constitute two of the most important sources for which no figures are available. In certain sections of the country it is a common practice for the seller to take a mortgage on the land as security for a liberal portion of the sale price. When a mortgage already exists

against the land it is frequently assumed by the purchaser, or a new first mortgage may be placed by him with some financial institution, the former owner accepting a second mortgage for his interest in the land. A very large percentage of the second mortgages on farm land are, therefore, held by former owners, as well as a considerable percentage of the first mortgages.

BASIS OF FIGURES ON LOANS BY BANKS.

Table 2 summarizes the actual returns from the questionnaire to banks. These figures, together with data from the comptroller's report, constitute the basis of the estimated total farm mortgage loans by banks, as given in Table 1. For the United States as a whole, 45 per cent of the banks reported. The lowest percentage of return was 27.5 per cent, from North Carolina, and the highest, 72 per cent, from Massachusetts.

In estimating the total farm mortgage loans held by banks, the figures for national banks and those for "banks other than national" were for each State tabulated and calculated separately.[2]

In general, the loans held by commercial banks originated with them. The country banks especially are instrumental in placing farm mortgage loans with insurance companies, as well as with savings banks, trust companies, and mortgage bankers in the larger cities. In some cases, these country banks sell mortgages which they already own, but more often they act merely as agents or correspondents either for the farmer or for the investor and may or may not assume liability to the investor.

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[2] It was assumed in the case of each State, first, that the percentage obtained by dividing the total loans and discounts of each class of banks which replied to our questionnaire into the total loans and discounts of such of these banks as reported some farm mortgage loans applied also to the loans and discounts of banks of the same class which did not reply to the questionnaire. Secondly, it was assumed that the percentage of loans and discounts represented by farm mortgage loans in the case of the banks reporting some farm mortgage loans held also for the part of the loans and discounts not reported, but which, according to the first calculation, were composed of some farm mortgage loans. In the State of Missouri, for instance, the total loans reported by banks other than national were $172,370,019, and the loans reported by banks whose loans, in part, represented farm mortgage loans were $119,772,263 or 69.5 per cent of the total. Furthermore, of the total loans reported by the banks the loans of which were, in part, farm mortage loans, $21,683,921, or 18.1 per cent were farm mortgage loans. By applying the first of these percentages, 69.5 per cent, to $587,691,000, which was the total amount of loans and discounts of banks other, than national reported for the State by the Comptroller of the Currency, a total of $408,445,245 was obtained which represented the loans and discounts of banks having some farm mortgage loans; and by applying the second percentage, or 18.1 per cent, to the last named sum, a total of $73,989,362 was obtained for farm mortgage loans. A similar computation was then made for the amount of farm mortgage loans held by national banks, and the resulting figure was added to those obtained above, giving a total of farm mortgage loans held by all banks in Missouri amounting to $75,093.027.

TABLE 2.—*Number of banks replying to the questionnaire and amount of farm mortgage loans actually reported.*

Geographic division and State.	Number of banks (Comptroller's report).			Number of banks reporting.			Amount reported.		
	All classes.	National.	Other than national.	All classes.	National.	Other than national.	All classes.	National.	Other than national.
United States	30,178	8,124	22,054	13,540	4,206	9,334	$602,100,237	$65,937,830	$536,162,407
New England	1,129	411	718	661	234	427	41,645,901	726,665	40,919,236
Maine	161	63	98	82	28	54	2,201,395	132,950	2,068,445
New Hampshire	126	56	70	51	22	29	7,051,572	40,221	7,011,351
Vermont	108	49	59	41	17	24	24,001,290	447,916	23,553,374
Massachusetts	466	160	306	335	119	216	4,865,972	62,388	4,803,584
Rhode Island	48	17	31	33	11	22	94,050	.....	94,050
Connecticut	220	66	154	119	37	82	3,431,622	43,190	3,388,432
Middle Atlantic	3,009	1,573	1,436	1,709	965	744	19,259,776	2,711,671	16,548,105
New York	1,063	498	565	620	302	318	13,847,234	1,083,111	12,764,123
New Jersey	393	217	176	251	139	112	495,475	176,125	319,350
Pennsylvania	1,553	858	695	838	524	314	4,917,067	1,452,435	3,464,632
East North Central	5,507	1,386	4,121	2,645	737	1,908	153,661,260	16,397,663	137,263,597
Ohio	1,153	378	775	544	190	354	23,583,489	3,455,189	20,128,300
Indiana	1,056	253	803	509	148	361	36,279,085	4,431,950	31,847,135
Illinois	1,617	487	1,130	798	240	558	37,374,571	3,992,725	33,381,846
Michigan	704	116	588	345	67	278	25,324,770	1,571,921	23,752,849
Wisconsin	977	152	825	449	92	357	31,099,345	2,945,878	28,153,467
West North Central	9,086	1,598	7,488	3,726	767	2,959	204,594,922	21,128,384	183,466,538
Minnesota	1,524	340	1,184	660	176	484	62,729,182	10,365,203	52,363,979
Iowa	1,762	357	1,405	699	145	554	77,559,976	2,842,177	74,717,799
Missouri	1,649	133	1,516	598	68	530	20,695,106	635,356	20,059,750
North Dakota	897	180	717	395	95	300	11,093,302	3,455,591	7,637,711
South Dakota	694	136	558	303	66	237	7,401,612	996,660	6,404,952
Nebraska	1,195	187	1,008	475	83	392	13,147,299	1,124,504	12,022,795
Kansas	1,365	265	1,100	596	134	462	11,968,445	1,708,893	10,259,552
South Atlantic	3,294	733	2,561	1,312	341	971	29,081,181	5,683,018	23,398,163
Delaware	46	18	28	23	12	11	832,625	212,125	620,500
Maryland	282	92	190	123	46	77	2,301,436	698,867	1,602,569
District Columbia	45	15	30	21	8	13	306,832	.....	306,832
Virginia	490	167	323	179	58	121	4,151,276	936,709	3,214,567
West Virginia	341	123	218	128	59	69	1,042,784	279,649	763,135
North Carolina	623	87	536	172	25	147	3,667,039	486,555	3,180,484
South Carolina	461	82	379	233	46	187	6,984,109	1,406,216	5,577,893
Georgia	739	94	645	350	62	288	8,565,082	1,312,245	7,252,837
Florida	267	55	212	83	25	58	1,229,998	350,652	879,346
East South Central	1,840	367	1,473	881	198	683	36,372,533	4,093,306	32,279,227
Kentucky	583	133	450	188	52	136	7,656,284	1,350,042	6,306,242
Tennessee	546	98	448	320	65	255	9,704,392	454,444	9,249,948
Alabama	356	105	251	191	61	130	5,464,610	1,464,221	4,000,389
Mississippi	355	31	324	182	20	162	13,547,247	824,599	12,722,648
West South Central	3,305	1,035	2,270	1,072	387	685	14,683,855	3,291,267	11,392,588
Arkansas	489	85	404	150	28	122	4,908,020	565,934	4,342,086
Louisiana	268	39	229	79	14	65	3,215,433	45,420	3,170,013
Oklahoma	966	355	611	347	144	203	2,589,652	1,255,085	1,334,567
Texas	1,582	556	1,026	496	201	295	3,970,750	1,424,828	2,545,922
Mountain	1,601	528	1,073	745	276	469	23,853,659	5,683,997	18,169,662
Montana	431	145	286	194	73	121	7,438,082	2,136,433	5,301,649
Idaho	227	86	141	106	42	64	2,358,442	808,997	1,549,445
Wyoming	160	47	113	72	23	49	3,219,699	452,131	2,767,568
Colorado	404	142	262	192	80	112	2,285,295	1,034,544	1,250,751
New Mexico	124	48	76	55	24	31	423,764	253,249	170,515
Arizona	88	21	67	55	12	43	1,831,887	465,541	1,366,346
Utah	133	28	105	54	15	39	4,796,596	307,113	4,489,483
Nevada	34	11	23	17	7	10	1,499,894	225,989	1,273,905
Pacific	1,407	493	914	789	301	488	78,947,150	6,221,859	72,725,291
Washington	401	94	307	201	54	147	4,794,773	948,989	3,845,784
Oregon	278	91	187	149	58	91	3,390,815	885,647	2,505,168
California	728	308	420	439	189	250	70,761,562	4,387,223	66,374,339

TABLE 3.—*Estimated amount of farm mortgage loans held by banks, Dec. 31, 1920, classified according to first and second mortgage, by States.*

Geographic division and State.	Total amount.	Per cent of bank loans and discounts composed of farm mortgage loans.	First mortgage.		Second mortgage.	
			Amount.	Per cent of total.	Amount.	Per cent of total.
United States	1,447,482,926	4.97	1,339,321,821	92.53	108,161,105	7.47
New England	93,685,241	3.20	93,625,172	99.94	60,069	.06
Maine	5,405,659	3.89	5,371,603	99.37	34,056	.63
New Hampshire	8,858,905	8.91	8,837,644	99.76	21,261	.24
Vermont	65,308,569	51.68	65,308,569	100.00	0	.00
Massachusetts	7,127,530	.36	7,126,104	99.98	1,426	.02
Rhode Island	333,305	.17	333,305	100.00	0	.00
Connecticut	6,651,273	1.66	6,647,947	99.95	3,326	.05
Middle Atlantic	34,148,394	.35	33,576,778	98.33	571,616	1.67
New York	24,017,597	.34	23,558,861	98.09	458,736	1.91
New Jersey	1,035,386	.18	1,027,103	99.20	8,283	.80
Pennsylvania	9,095,411	.41	8,990,814	98.85	104,597	1.15
East North Central	335,095,006	6.32	324,390,515	96.81	10,704,491	3.19
Ohio	51,924,862	3.63	51,114,834	98.44	810,028	1.56
Indiana	78,920,443	14.31	75,369,023	95.50	3,551,420	4.50
Illinois	105,960,642	4.98	103,629,508	97.80	2,331,134	2.20
Michigan	32,618,757	5.18	32,041,405	98.23	577,352	1.77
Wisconsin	65,670,302	11.71	62,235,745	94.77	3,434,557	5.23
West North Central	531,212,143	13.86	468,606,489	88.21	62,605,654	11.79
Minnesota	124,859,546	16.40	111,112,510	88.99	13,747,036	11.01
Iowa	213,325,000	23.78	197,368,290	92.52	15,956,710	7.48
Missouri	75,093,027	7.94	67,613,762	90.04	7,479,265	9.96
North Dakota	27,086,233	14.25	19,840,666	73.25	7,245,567	26.75
South Dakota	22,086,090	9.73	16,825,183	76.18	5,260,907	23.82
Nebraska	35,312,260	8.50	26,854,974	76.05	8,457,286	23.95
Kansas	33,449,987	8.43	28,991,104	86.67	4,458,883	13.33
South Atlantic	94,048,174	4.30	87,783,536	93.34	6,264,638	6.66
Delaware	2,032,290	4.67	1,515,682	74.58	516,608	25.42
Maryland	5,553,999	1.69	5,506,790	99.15	47,209	.85
District of Columbia	1,175,189	1.01	1,151,685	98.00	23,504	2.00
Virginia	13,505,099	3.42	13,239,049	98.03	266,050	1.97
West Virginia	4,349,929	1.79	4,286,420	98.54	63,509	1.46
North Carolina	24,651,385	7.77	24,022,775	97.45	628,610	2.55
South Carolina	17,194,252	7.38	15,982,057	92.95	1,212,195	7.05
Georgia	21,243,880	5.68	17,836,362	83.96	3,407,518	16.04
Florida	4,342,151	3.24	4,242,716	97.71	99,435	2.29
East South Central	101,079,609	10.83	93,389,620	92.39	7,689,989	7.61
Kentucky	25,883,448	8.76	25,207,890	97.39	675,558	2.61
Tennessee	19,338,597	6.59	18,383,270	95.06	955,327	4.94
Alabama	12,602,232	7.00	11,725,117	93.04	877,115	6.96
Mississippi	43,255,332	26.41	38,073,343	88.02	5,181,989	11.98
West South Central	73,251,166	4.60	62,732,975	85.64	10,518,191	14.36
Arkansas	22,209,021	12.27	18,888,772	85.05	3,320,249	14.95
Louisiana	26,733,164	8.19	24,450,152	91.46	2,283,012	8.54
Oklahoma	8,712,857	2.58	6,107,713	70.10	2,605,144	29.90
Texas	15,596,124	2.09	13,286,338	85.19	2,309,786	14.81
Mountain	55,935,755	7.43	47,592,153	85.08	8,343,602	14.92
Montana	19,284,397	12.50	14,087,252	73.05	5,197,145	26.95
Idaho	6,044,698	6.47	4,381,802	72.49	1,662,896	27.51
Wyoming	7,079,050	11.08	6,844,733	96.69	234,317	3.31
Colorado	6,068,509	2.87	5,661,312	93.29	407,197	6.71
New Mexico	1,221,505	2.66	1,170,446	95.82	51,059	4.18
Arizona	3,441,957	5.76	3,061,621	88.95	380,336	11.05
Utah	9,871,436	9.95	9,460,784	95.84	410,652	4.16
Nevada	2,924,203	11.77	2,924,203	100.00	0	.00
Pacific	129,027,438	6.94	127,624,583	98.91	1,402,855	1.09
Washington	9,282,492	3.34	8,833,219	95.16	449,273	4.84
Oregon	5,424,009	2.77	4,779,094	88.11	644,915	11.89
California	114,320,937	8.25	114,012,270	99.73	308,667	.27

FIRST AND SECOND MORTGAGE LOANS BY BANKS.

Table 1 indicates that the banks of the country held approximately 17 per cent of the estimated total farm mortgage loans outstanding in 1920. The figures in Table 3 show the relationship of farm mortgages to the total loans and discounts of all banks and also the relative amounts of first and second farm mortgages held by banks. In brief, the $1,447,482,926 of estimated farm mortgage loans held by all banks represents only 4.97 per cent of their total loans and discounts. However, it should not be inferred that this percentage represents total farm loans. It is estimated that last December the banks throughout the country also held approximately $3,870,000,000 of farmers' personal and collateral loans.[3]

It may be noted that the per cent of total loans and discounts composed of farm mortgages varies greatly from State to State. In New Hampshire, for instance, farm mortgage loans constitute only 8.91 per cent of total loans and discounts, whereas in Vermont this figure is 51.68 per cent. The percentage obtained for New Hampshire might reasonably be expected, but 51.68 per cent for Vermont is a somewhat surprising figure. Apparently farm mortgage loans have been far more popular as an investment with the banks of Vermont, particularly with the large savings banks, than with the banks of any of the other New England or Middle Atlantic States. In Mississippi, also, the percentage obtained is very high compared with those for neighboring States. The explanation in this case appears to be twofold. Mississippi is to a rather unusual extent a rural State, having no large city to swell the total loans and discounts. Secondly, the banks of this State, as indicated by the reports, hold mortgages on real estate for a large percentage of their short-time farm loans.

As in the case of farm mortgage loans by life insurance companies, so in the case of similar loans by banks, Iowa leads all other States. Minnesota and California come next in order. These three States together held 31.3 per cent of the farm mortgage loans outstanding with all banks in the United States.

On the basis of an earlier study made by the Department, it was estimated that in 1914 the banks of the country held $739,500,000 of farm mortgage loans. The figure for farm mortgage loans by banks given in this table, namely, $1,447,482,926, represents, therefore, an increase of $708,000,000, or 96 per cent in six years.

Turning to the columns for first and second mortgage loans, respectively, it will be noted that in the West South Central and Mountain States the percentages of second-mortgage loans are relatively high. In the New England and Middle Atlantic States, on the other hand, such loans by banks are almost negligible. As

[3] Department Bulletin No. 1048. "Bank Loans to Farmers on Personal and Collateral Security."

agriculture is developed, and first-mortgage farm loans are contracted more generally on the long-time amortization plan, second-mortgage loans will no doubt become more acceptable to banks as well as to other loan agencies in all sections of the country. This would seem to be a desirable tendency from the point of view of the prospective land-owning farmer. Among the possible ways of making second mortgages more acceptable may be mentioned a more scientific appraisal system, which should tend toward conservatism and soundness in land valuation.

INTEREST RATES ON FARM MORTGAGE LOANS.

The average current rates of interest reported by banks on farm mortgage loans are given in Table 4. Figures are given for averages of the low, high, and prevailing rates reported for each of the two classes of farm mortgage loans. On first-mortgage loans, it will be observed, the average prevailing rate for the United States, as obtained from the bank questionnaire, is 7.23 per cent. The lowest prevailing rates are found in the Middle Atlantic and New England States, the average for the former group of States being 5.96 and for the latter 5.98 per cent. The highest prevailing rates, on the other hand, are found in the Mountain States, where the average for the group is 9.07 per cent. By States, the lowest average prevailing rate on first-mortgage loans is 5.39 per cent, for New Hampshire, and the highest 9.52 per cent, for New Mexico. These two States also show, respectively, the lowest average low and the highest average high. With reference to the spread between the average low and the average high for any one State, it may be noticed that the average in Rhode Island is 6 per cent in each case, whereas in Wyoming the spread is from 8.16 per cent to 9.85 per cent, or 1.69 per cent.

TABLE 4.—*Average rates of interest on farm mortgage loans in the United States, reported by banks, March, 1921.*

Geographic division, State, and crop estimates district.	First-mortgage farm loans, average rate.				Second-mortgage farm loans, average rate.			
	Number of banks reporting.	Low (per cent).	High (per cent).	Prevailing (per cent).	Number of banks reporting.	Low (per cent).	High (per cent).	Prevailing (per cent).
United States..	8,134	6.73	7.57	7.23	3,717	7.70	8.37	8.10
New England.....	210	5.78	6.11	5.98	15	6.07	6.60	6.43
Maine.....	38	6.03	6.42	6.32	4	6.00	6.50	6.50
New Hampshire...	28	5.11	5.66	5.39	1	5.00	7.00	5.50
Vermont.....	33	5.83	6.32	6.05	4	6.00	6.00	6.00
Massachusetts.....	67	5.84	6.10	5.98	3	6.67	8.00	7.67
Rhode Island.....	5	6.00	6.00	6.00	.....	.....	.....	.....
Connecticut.....	39	5.87	6.01	5.99	3	6.00	6.00	6.00

TABLE 4.—*Average rates of interest on farm mortgage loans in the United States, reported by banks, March, 1921*—Continued.

Geographic division, State, and crop estimates district.	First-mortgage farm loans, average rate.				Second-mortgage farm loans, average rate.			
	Number of banks reporting.	Low (per cent).	High (per cent).	Prevailing (per cent).	Number of banks reporting.	Low (per cent).	High (per cent).	Prevailing (per cent).
Middle Atlantic	486	5.84	5.98	5.96	123	5.98	6.00	6.00
New York	215	5.81	5.96	5.94	56	6.00	6.00	6.00
District 2	10	5.85	6.00	6.00	3	6.00	6.00	6.00
3	2	6.00	6.00	6.00	1	6.00	6.00	6.00
4	57	5.74	5.92	5.90	14	6.00	6.00	6.00
5	40	5.79	5.96	5.92	12	6.00	6.00	6.00
6	20	5.92	6.00	5.98	4	6.00	6.00	6.00
7	21	5.93	5.95	6.00	7	6.00	6.00	6.00
8	8	5.75	5.88	5.88	2	6.00	6.00	6.00
9	39	5.79	5.99	5.92	11	6.00	6.00	6.00
9a	18	5.81	6.00	5.99	2	6.00	6.00	6.00
New Jersey	35	5.94	6.00	6.00	11	6.00	6.00	6.00
District 1	3	6.00	6.00	6.00	2	6.00	6.00	6.00
2	2	6.00	6.00	6.00	.....	.....	.....	.....
3	6	6.00	6.00	6.00	2	6.00	6.00	6.00
5	16	5.88	6.00	6.00	3	6.00	6.00	6.00
7	5	6.00	6.00	6.00	3	6.00	6.00	6.00
9	3	6.00	6.00	6.00	1	6.00	6.00	6.00
Pennsylvania	236	5.86	6.00	5.97	56	5.96	6.00	6.00
District 1	18	6.00	6.11	6.00	8	6.00	6.00	6.00
2	20	5.95	6.00	6.00	8	6.00	6.00	6.00
3	13	6.00	6.00	6.00	5	6.00	6.00	6.00
4	24	6.00	6.00	6.00	3	6.00	6.00	6.00
5	47	5.76	5.98	5.95	7	6.00	6.00	6.00
6	16	6.00	6.06	6.03	5	6.00	6.00	6.00
7	34	6.00	6.00	6.00	5	6.00	6.00	6.00
8	25	5.66	5.98	5.96	6	5.67	6.00	6.00
9	39	5.66	5.94	5.88	9	5.94	6.00	6.00
East North Central	1,816	5.97	6.78	6.42	512	6.44	7.02	6.77
Ohio	352	6.10	6.85	6.40	55	6.64	6.98	6.84
District 1	66	6.05	6.64	6.35	13	6.46	6.92	6.69
2	38	6.09	6.42	6.38	4	6.50	7.00	7.00
3	57	6.22	6.92	6.62	5	7.00	7.20	7.20
4	37	6.05	6.54	6.34	8	6.75	7.00	6.88
5	50	6.02	6.70	6.30	12	6.83	7.08	7.00
6	30	6.17	6.43	6.35	1	6.00	6.00	6.00
7	30	6.03	6.37	6.27	7	6.29	6.43	6.43
8	19	6.18	6.89	6.61	3	6.67	8.00	7.00
9	25	6.20	6.72	6.40	2	7.00	7.00	7.00
Indiana	370	6.09	7.01	6.56	125	6.58	7.42	7.02
District 1	25	6.04	6.90	6.48	9	6.78	7.67	7.33
2	51	6.03	7.07	6.54	22	6.55	7.45	6.98
3	43	6.21	6.95	6.70	19	6.55	7.21	7.03
4	45	6.04	7.13	6.59	10	6.40	7.20	6.65
5	78	6.08	7.06	6.60	33	6.62	7.45	7.06
6	29	6.19	6.83	6.57	9	6.67	7.89	7.33
7	49	6.06	7.12	6.52	14	6.50	7.21	6.75
8	27	6.11	7.07	6.59	4	6.50	7.75	7.50
9	23	6.04	6.65	6.28	5	6.80	7.20	6.90
Illinois	462	5.84	6.57	6.32	127	6.40	6.72	6.60
District 1	63	5.70	6.54	6.25	13	6.15	6.38	6.35
3	65	5.45	6.28	6.01	13	6.00	6.42	6.19
4	58	5.72	6.60	6.35	22	6.52	6.89	6.75
4a	72	5.85	6.60	6.35	20	6.35	6.75	6.55
5	48	5.61	6.34	6.17	12	6.38	6.58	6.58
6	44	5.81	6.53	6.20	18	6.42	6.83	6.64
6a	51	6.12	6.84	6.58	19	6.58	6.95	6.87
7	43	6.26	6.70	6.47	3	6.00	6.00	6.00
9	18	6.89	7.11	7.00	7	7.00	7.00	7.00
Michigan	254	6.21	6.84	6.62	63	6.52	6.97	6.75
District 1	22	6.59	7.00	6.98	5	6.80	7.00	7.00
2	17	6.74	7.00	6.94	2	7.00	7.00	7.00
3	9	6.89	7.00	7.00	.....	.....	.....	.....
4	8	6.25	7.00	6.75	2	6.00	7.00	6.50
5	27	6.31	6.96	6.81	6	7.00	7.17	6.92
6	31	6.26	6.97	6.80	14	6.79	7.00	6.96
7	38	6.08	6.72	6.49	6	6.33	7.00	6.75
8	48	5.96	6.62	6.34	11	6.00	6.82	6.41
9	54	5.99	6.80	6.43	17	6.47	6.94	6.68

TABLE 4.—*Average rates of interest on farm mortgage loans in the United States, reported by banks, March, 1921*—Continued.

Geographic division, State, and crop estimates district.	First-mortgage farm loans, average rate.				Second-mortgage farm loans, average rate.			
	Number of banks reporting.	Low (per cent).	High (per cent).	Prevailing (per cent).	Number of banks reporting.	Low (per cent).	High (per cent).	Prevailing (per cent).
East North Central—Continued.								
Wisconsin	378	5.73	6.70	6.31	142	6.25	6.98	6.68
District 1	69	5.97	7.34	6.81	42	6.87	7.83	7.43
2	34	6.10	7.06	6.65	15	6.53	7.37	7.10
3	21	6.17	7.07	6.62	4	6.25	7.25	6.75
4	43	6.01	6.72	6.24	13	6.00	6.77	6.46
5	29	5.67	6.62	6.31	6	6.17	6.67	6.46
6	79	5.31	6.30	5.93	28	5.71	6.39	6.14
7	28	5.77	6.59	6.14	6	6.17	6.67	6.25
8	42	5.56	6.44	6.12	15	5.87	6.33	6.20
9	33	5.39	6.18	6.06	13	5.85	6.15	6.08
West North Central	2,615	6.52	7.66	7.19	1,804	7.79	8.66	8.32
Minnesota	520	6.15	7.38	6.86	407	7.47	8.49	8.04
District 1	80	6.44	7.98	7.42	84	8.21	9.40	8.98
2	28	7.04	8.71	8.07	18	8.33	9.61	8.97
3	13	6.50	8.31	7.73	3	8.33	9.33	9.33
4	61	6.17	7.28	6.95	58	7.53	8.49	8.14
5	87	5.95	7.20	6.72	68	7.14	8.08	7.64
6	72	6.00	7.55	6.85	38	7.59	8.62	8.07
7	48	6.09	6.89	6.50	47	7.29	8.18	7.91
8	62	5.85	6.85	6.37	48	6.99	8.01	7.46
9	69	5.96	6.91	6.38	43	6.63	7.36	6.95
Iowa	442	5.86	6.85	6.44	255	6.98	7.75	7.49
District 1	38	6.00	6.92	6.60	32	7.22	7.91	7.64
2	49	5.67	6.87	6.39	42	6.82	7.79	7.46
3	61	5.91	6.73	6.44	24	6.88	7.48	7.39
4	43	5.93	6.94	6.65	43	7.19	7.98	7.66
5	52	5.77	6.91	6.36	30	6.87	7.77	7.54
6	77	5.78	6.64	6.31	18	6.50	7.44	6.94
7	34	5.85	6.97	6.46	22	6.96	7.86	7.61
8	31	6.08	7.13	6.53	24	7.54	7.75	7.67
9	57	5.86	6.88	6.40	20	6.58	7.42	7.15
Missouri	408	6.64	7.47	7.13	195	7.39	7.83	7.66
District 1	53	6.41	7.33	6.92	33	7.20	7.62	7.50
2	38	6.45	7.37	6.95	26	7.31	7.81	7.56
3	41	5.98	6.98	6.45	19	6.95	7.47	7.21
4	57	6.30	7.46	7.06	25	7.44	7.96	7.82
5	64	6.77	7.62	7.31	32	7.44	7.87	7.73
6	53	6.17	7.01	6.65	11	6.64	7.36	7.09
7	35	7.10	7.77	7.54	14	7.71	8.14	7.89
8	38	7.75	8.05	7.92	21	8.00	8.19	8.10
9	29	7.50	7.97	7.84	14	7.79	8.00	7.93
North Dakota	335	7.26	8.86	8.35	304	9.15	9.92	9.71
District 1	50	7.48	9.04	8.53	51	9.75	10.00	9.94
2	52	7.18	8.69	8.23	47	9.17	9.91	9.78
3	64	6.76	8.25	7.73	57	8.46	9.77	9.34
4	32	8.09	9.80	9.41	26	9.88	10.00	9.92
5	30	7.25	8.63	8.13	23	9.13	9.91	9.67
6	33	6.48	8.41	7.70	32	8.66	9.87	9.50
7	21	8.36	9.86	9.38	15	9.73	10.00	9.87
8	21	7.90	9.50	9.07	19	9.58	10.00	10.00
9	32	6.89	8.77	8.17	34	8.78	9.94	9.69
South Dakota	230	6.73	8.13	7.55	190	8.32	9.47	9.02
District 1	16	8.78	10.12	9.75	14	9.79	10.14	9.86
2	39	6.73	8.17	7.57	31	8.48	9.42	8.98
3	48	6.39	7.82	7.25	45	8.01	9.51	8.92
4	16	7.81	9.44	8.75	7	9.43	10.00	9.71
5	23	6.72	8.30	7.63	17	8.88	9.47	9.35
6	47	5.90	7.27	6.68	38	7.32	9.21	8.47
7	5	8.50	10.00	9.20	4	9.00	10.00	9.75
8	11	7.45	9.23	8.27	14	9.21	10.00	9.57
9	25	6.32	7.12	6.88	20	8.02	8.85	8.70

TABLE 4.—*Average rates of interest on farm mortgage loans in the United States, reported by banks, March, 1921*—Continued.

Geographic division, State, and crop estimates district.	First-mortgage farm loans, average rate.				Second-mortgage farm loans, average rate.			
	Number of banks reporting.	Low (per cent).	High (per cent).	Prevailing (per cent).	Number of banks reporting.	Low (per cent).	High (per cent).	Prevailing (per cent).
West North Central—Continued.								
Nebraska	298	6.49	7.78	7.19	218	7.50	8.60	8.12
District 1	14	8.79	9.79	9.25	10	9.50	9.50	9.50
2	8	7.25	9.50	8.50	6	7.50	9.67	8.83
3	46	6.24	7.70	7.04	45	7.46	8.83	8.28
4	19	8.21	9.39	8.82	15	9.67	10.00	10.00
5	33	6.15	7.64	6.95	26	7.50	8.88	8.35
6	69	5.92	6.91	6.55	52	6.90	7.91	7.43
7	29	7.28	8.98	8.23	12	7.75	8.83	8.17
8	31	6.29	7.63	7.02	19	6.92	7.92	7.50
9	49	6.00	7.07	6.48	33	7.15	8.35	7.74
Kansas	382	6.92	7.76	7.30	235	7.67	8.39	8.06
District 1	22	7.02	8.64	7.95	10	7.90	9.00	8.70
2	46	6.34	7.48	7.04	35	7.60	8.17	7.84
3	61	6.13	7.26	6.79	39	7.37	8.13	7.78
4	11	7.27	8.27	7.91	5	8.00	8.60	8.30
5	51	6.74	7.54	7.27	34	7.47	8.19	7.90
6	50	6.50	7.46	7.06	28	7.80	8.14	7.99
7	22	8.05	9.36	8.61	12	8.67	9.50	9.25
8	56	6.61	7.79	7.33	38	7.59	8.53	8.16
9	63	6.80	7.86	7.35	34	7.76	8.53	8.07
South Atlantic	786	7.15	7.49	7.33	339	7.42	7.79	7.60
Delaware	12	6.00	6.00	6.00	6	6.00	6.00	6.00
Maryland	50	5.96	6.00	6.00	12	6.00	6.00	6.00
District 1	6	5.92	6.00	6.00	.....	.....	.....	.....
2	17	5.97	6.00	6.00	5	6.00	6.00	6.00
3	5	5.80	6.00	6.00	2	6.00	6.00	6.00
5	8	6.00	6.00	6.00	.....	.....	.....	.....
6	8	6.00	6.00	6.00	3	6.00	6.00	6.00
8	1	6.00	6.00	6.00	.....	.....	.....	.....
9	5	6.00	6.00	6.00	2	6.00	6.00	6.00
District of Columbia	1	6.00	7.00	6.00	1	6.00	8.00	8.00
Virginia	110	6.04	6.26	6.17	32	6.06	6.28	6.16
District 2	19	6.00	6.00	6.00	5	6.00	6.00	6.00
4	14	6.00	6.00	6.00	5	6.00	6.00	6.00
5	19	5.97	6.11	6.03	4	6.00	6.00	6.00
6	12	6.00	6.00	6.00	3	6.00	6.00	6.00
7	22	6.00	6.00	6.00	5	6.00	6.00	6.00
8	10	6.20	6.90	6.80	3	6.33	6.67	6.33
9	14	6.21	7.29	6.75	7	6.14	7.00	6.57
West Virginia	51	6.00	6.16	6.06	13	6.00	6.31	6.08
District 1	10	6.00	6.00	6.00	.....	.....	.....	.....
2	10	6.00	6.00	6.00	3	6.00	6.00	6.00
3	9	6.00	6.22	6.00	3	6.00	6.67	6.00
4	8	6.00	6.75	6.38	3	6.00	6.67	6.33
5	2	6.00	6.00	6.00	.....	.....	.....	.....
6	9	6.00	6.00	6.00	4	6.00	6.00	6.00
8	3	6.00	6.00	6.00	.....	.....	.....	.....
North Carolina	99	6.04	6.31	6.12	42	6.05	6.36	6.19
District 1	12	6.00	6.42	6.25	6	6.00	6.83	6.50
2	13	6.00	6.00	6.00	4	6.00	6.00	6.00
3	17	6.00	6.24	6.18	7	6.00	6.57	6.43
4	9	6.22	6.22	6.22	3	6.00	6.00	6.00
5	23	6.00	6.17	6.00	10	6.00	6.20	6.00
6	11	6.00	6.18	6.00	5	6.00	6.00	6.00
7	3	6.67	8.00	7.00	1	8.00	8.00	8.00
8	7	6.00	7.14	6.14	4	6.00	6.50	6.00
9	4	6.00	6.00	6.00	2	6.00	6.00	6.00
South Carolina	176	7.76	8.01	7.98	90	7.88	8.02	7.99
District 1	38	7.79	8.00	8.00	20	7.95	8.00	8.00
2	21	7.38	8.00	7.93	13	7.46	8.00	7.92
3	29	7.93	8.00	8.00	13	8.00	8.00	8.00
4	24	7.62	8.00	8.00	13	7.85	8.00	8.00
5	28	7.86	8.00	7.95	14	7.93	8.00	8.00
6	9	7.89	8.00	7.94	3	8.00	8.00	8.00
8	27	7.83	8.07	8.00	14	8.00	8.14	8.00

TABLE 4.—*Average rates of interest on farm mortgage loans in the United States, reported by banks, March, 1921*—Continued.

Geographic division, State, and crop estimates district.	First-mortgage farm loans, average rate.				Second-mortgage farm loans, average rate.			
	Number of banks reporting.	Low (per cent).	High (per cent).	Prevailing (per cent).	Number of banks reporting.	Low (per cent).	High (per cent).	Prevailing (per cent).
South Atlantic—Con.								
Georgia	241	8.01	8.56	8.28	126	8.10	8.75	8.40
District 1	16	7.94	8.25	8.00	6	7.83	8.33	8.00
2	28	7.96	8.43	8.21	13	8.15	8.46	8.23
3	21	8.00	8.19	8.10	11	8.00	8.18	8.09
4	54	7.98	8.67	8.37	25	7.96	8.80	8.48
5	38	7.92	8.58	8.25	21	8.00	8.86	8.33
6	27	7.96	8.78	8.33	13	8.62	9.08	8.77
7	20	8.15	8.35	8.20	12	8.25	8.42	8.33
8	23	8.35	9.04	8.78	16	8.12	9.00	8.62
9	14	7.93	8.29	7.93	9	8.00	8.44	8.44
Florida	46	8.17	8.96	8.59	17	8.47	8.82	8.65
District 1	7	8.57	9.43	9.14	5	8.80	9.20	9.20
3	8	8.25	9.75	9.38	1	10.00	10.00	10.00
5	24	7.92	8.42	8.12	8	8.00	8.25	8.00
8	7	8.57	9.43	8.71	3	8.67	9.33	9.00
East South Central	608	7.21	7.79	7.57	241	7.61	7.96	7.80
Kentucky	134	6.18	6.72	6.45	33	6.30	6.61	6.47
District 1	18	6.22	7.00	6.56	1	6.00	6.00	6.00
2	28	6.07	6.54	6.27	6	6.17	6.50	6.33
3	4	6.00	6.00	6.00	2	6.00	6.00	6.00
5	35	5.93	6.31	6.15	14	6.07	6.21	6.11
6	4	6.00	6.50	6.25	1	8.00	8.00	8.00
7	16	6.75	7.38	7.12	2	7.00	9.00	8.00
7a	14	6.43	7.14	6.86	2	6.00	7.00	7.00
8	14	6.14	6.79	6.46	5	6.80	6.80	6.80
9	1	6.00	8.00	6.00	.....	.....	.....	.....
Tennessee	171	6.93	7.85	7.51	56	7.21	7.98	7.64
District 1	28	7.32	8.07	7.82	12	7.33	8.17	7.83
2	29	6.48	7.48	6.91	10	6.80	7.90	7.30
3	14	6.64	7.57	7.21	2	7.00	8.00	7.50
4	22	7.00	8.82	8.05	7	7.43	8.86	8.43
5	29	6.52	7.41	7.24	12	6.67	7.17	7.00
6	8	6.50	7.25	7.12	3	7.33	8.00	7.67
7	16	7.50	7.88	7.81	4	8.00	8.00	8.00
8	10	7.80	8.00	8.00	4	8.00	8.00	8.00
9	15	7.07	8.00	7.67	2	8.00	9.00	8.00
Alabama	149	7.95	8.40	8.18	68	8.12	8.50	8.29
District 1	10	7.80	8.20	8.00	5	8.40	8.40	8.40
2	17	8.00	8.41	8.24	8	8.00	8.00	8.00
2a	19	7.79	8.84	8.42	3	8.67	10.33	9.33
3	16	8.00	8.12	8.00	5	8.40	8.80	8.40
4	12	8.00	8.00	8.00	9	8.00	8.00	8.00
5	12	7.92	8.17	8.17	7	8.00	8.29	8.29
6	20	7.95	9.00	8.45	9	8.22	9.33	8.89
7	5	8.00	8.00	8.00	1	8.00	8.00	8.00
8	15	8.00	8.73	8.27	8	8.00	8.88	8.25
9	23	8.00	8.00	8.00	13	8.00	8.00	8.00
Mississippi	154	7.70	8.06	7.99	84	7.96	8.05	8.04
District 1	18	8.00	8.11	8.06	16	8.00	8.12	8.06
2	26	7.46	8.15	7.92	9	7.78	8.00	8.00
3	10	8.00	8.00	8.00	3	8.00	8.00	8.00
4	12	7.67	8.00	8.00	12	7.83	8.00	8.00
5	20	7.90	8.00	8.00	9	7.78	8.00	8.00
6	16	7.75	8.00	8.00	10	8.00	8.00	8.00
7	21	7.52	8.10	8.10	10	8.20	8.20	8.20
8	15	8.00	8.00	8.00	9	8.00	8.00	8.00
9	16	7.25	8.06	7.88	6	7.83	8.00	8.00
West South Central	581	8.46	9.37	9.02	283	9.08	9.72	9.44
Arkansas	125	8.63	9.70	9.34	39	9.23	9.85	9.59
District 1	21	8.14	9.10	8.60	3	9.33	10.00	9.33
2	17	8.76	9.65	9.38	5	9.20	10.00	9.80
3	17	8.71	9.88	9.56	6	9.00	9.33	9.17
4	19	8.74	9.89	9.47	4	9.50	10.00	9.50
5	6	8.67	10.00	9.67	2	10.00	10.00	10.00
6	15	8.13	9.60	9.00	6	8.67	9.67	9.17
7	14	9.21	9.86	9.82	6	9.67	10.00	10.00
8	9	9.33	10.00	9.89	2	10.00	10.00	10.00
9	7	8.29	10.00	9.43	5	8.80	10.00	9.80

TABLE 4.—*Average rates of interest on farm mortgage loans in the United States, reported by banks, March, 1921*—Continued.

Geographic division, State, and crop estimates district.	First-mortgage farm loans, average rate.				Second-mortgage farm loans, average rate.			
	Number of banks reporting.	Low (per cent).	High (per cent).	Prevailing (per cent).	Number of banks reporting.	Low (per cent).	High (per cent).	Prevailing (per cent).
West South Central—Continued.								
Louisiana	48	7.73	8.63	8.24	19	7.95	8.95	8.50
District 1	5	7.80	8.40	7.90	3	7.67	8.00	7.83
2	6	8.00	9.00	8.54	3	8.00	9.33	8.67
3	7	7.57	8.86	8.43	2	8.00	10.00	9.50
4	3	8.00	8.00	8.00	1	8.00	8.00	8.00
5	10	7.90	8.40	8.20	4	8.00	8.50	8.25
6	3	8.00	8.67	8.00				
7	5	7.00	9.20	8.40	3	8.00	9.33	8.67
8	6	8.00	8.67	8.33	2	8.00	10.00	9.00
9	3	7.00	8.00	8.00	1	8.00	8.00	8.00
Oklahoma	185	8.39	9.37	8.98	136	9.22	9.83	9.60
District 1	23	8.52	9.13	8.85	16	9.19	9.69	9.44
2	22	7.07	8.34	7.91	20	8.60	9.68	9.28
3	14	8.21	9.57	9.14	13	9.08	9.69	9.62
4	11	8.82	9.36	9.05	8	9.38	10.00	9.50
5	36	8.05	9.31	8.76	22	9.23	9.82	9.55
6	22	8.73	9.82	9.41	12	9.33	9.83	9.67
7	24	8.40	9.44	8.83	21	9.29	10.00	9.76
8	27	9.19	9.85	9.72	22	9.64	9.91	9.86
9	6	9.67	10.00	10.00	2	10.00	10.00	10.00
Texas	223	8.58	9.35	9.05	89	9.04	9.67	9.36
District 1	31	9.31	9.90	9.58	19	9.47	9.89	9.63
2	39	8.31	9.00	8.72	15	8.53	9.53	8.97
3	30	8.97	9.67	9.40	9	9.11	9.78	9.56
4	9	9.33	10.00	9.56	3	10.00	10.00	10.00
4a	22	8.64	9.55	9.27	10	9.60	9.80	9.70
5	47	8.11	9.02	8.64	22	8.75	9.55	9.10
6	15	9.07	10.00	9.60	2	9.00	10.00	9.50
8	19	8.21	9.05	9.00	7	8.57	9.43	9.29
9	11	7.73	8.18	7.91	2	9.00	9.00	9.00
Mountain	519	8.26	9.53	9.07	278	9.19	9.82	9.57
Montana	169	8.64	9.81	9.50	127	9.61	9.90	9.82
District 1	6	8.67	9.17	9.17	4	9.50	9.75	9.75
2	30	9.30	10.00	9.87	28	9.93	10.00	10.00
3	22	8.32	9.86	9.70	20	10.00	10.20	10.00
4	14	7.82	9.79	9.18	7	9.14	9.71	9.43
5	34	8.37	9.84	9.38	25	9.68	10.00	9.88
6	14	8.64	9.64	9.50	12	9.00	9.42	9.33
7	7	7.71	10.00	8.86	4	10.00	10.00	10.00
8	26	8.50	9.65	9.29	17	9.00	9.71	9.62
9	16	9.75	9.88	9.81	10	9.70	10.00	9.90
Idaho	71	7.94	9.32	8.83	48	9.04	9.81	9.58
District 1	20	7.45	8.80	8.05	10	8.30	9.60	9.10
2	5	8.40	9.40	8.90				
4	2	10.00	10.00	10.00	2	10.00	10.00	10.00
5	5	6.60	9.20	8.90	6	9.00	9.67	9.67
6	10	8.30	10.00	9.30	9	9.78	10.00	10.00
7	17	7.82	9.18	8.65	8	8.38	9.75	9.12
8	5	9.60	10.00	10.00	6	10.00	10.00	10.00
9	7	8.00	9.57	9.57	7	8.86	9.86	9.71
Wyoming	55	8.16	9.85	9.21	26	9.04	10.15	9.58
District 1	9	8.33	10.00	9.44	4	8.50	10.00	9.50
2	8	8.75	10.50	9.38	2	9.00	11.00	9.50
3	5	10.00	10.80	10.40	4	10.50	10.50	10.50
4	3	8.33	9.67	9.67	1	8.00	12.00	10.00
5	8	7.88	9.25	8.75	3	8.00	10.00	9.33
6	6	8.67	10.00	9.50	4	9.50	10.00	9.75
7	2	8.00	9.50	8.00	1	8.00	9.00	8.00
8	5	8.00	9.20	8.30	1	9.00	9.00	9.00
9	9	8.56	9.56	9 00	6	9.00	10 00	9.33
Colorado	121	7.84	9.06	8.58	39	8.56	9.36	9.03
District 1	3	9.33	10.00	9.67				
2	32	7.25	8.45	8.09	13	7.69	8.54	8.23
3	11	8.00	9.36	9.09	8	9.00	9.75	9.62
4	16	8.00	9.12	8.44	2	8.00	8.00	8.00
5	4	6.88	7.38	7.38				
6	23	7.96	9.26	8.83	5	9.20	9.60	9.20
7	3	7.67	8.67	8.67	1	8.00	10.00	8.00
8	9	7.67	9.56	8.78	4	8.50	10.50	9.50
9	20	8.50	9.60	8.90	6	9.67	10.00	10.00

TABLE 4.—*Average rates of interest on farm mortgage loans in the United States, reported by banks, March, 1921*—Continued.

Geographic division, State and crop estimates district.	First-mortgage farm loans, average rate.				Second-mortgage farm loans, average rate.			
	Number of banks reporting.	Low (per cent).	High (per cent).	Prevailing (per cent).	Number of banks reporting.	Low (per cent).	High (per cent).	Prevailing (per cent).
Mountain—Contd.								
New Mexico	33	9.03	9.88	9.52	7	9.71	10.00	10.00
District 1	2	9.00	10.00	9.00	1	10.00	10.00	10.00
2	4	8.00	9.50	9.50	1	8.00	10.00	10.00
3	2	10.00	10.00	10.00				
4	1	8.00	10.00	8.00				
5	3	8.00	8.67	8.67				
6	13	9.38	10.00	9.62	4	10.00	10.00	10.00
7	2	10.00	11.00	11.00	1	10.00	10.00	10.00
8	5	8.80	10.00	9.40				
9	1	10.00	10.00	10.00				
Arizona	21	8.43	9.62	9.00	14	9.00	10.00	9.43
District 1								
2	2	10.00	10.00	10.00	1	10.00	10.00	10.00
3	1	10.00	10.00	10.00	1	10.00	10.00	10.00
5	10	8.00	9.20	8.40	9	8.67	10.00	9.11
6	3	9.33	10.00	10.00				
7	2	7.50	10.00	8.50	2	9.00	10.00	10.00
8								
9	3	8.00	10.00	9.33	1	10.00	10.00	10.00
Utah	41	7.95	9.46	8.71	15	8.20	9.73	8.90
District 1	3	7.67	9.67	8.33	2	8.00	9.50	8.50
2	16	7.62	9.19	8.44	7	8.14	9.29	8.50
3	3	8.67	9.33	9.33				
4	3	7.33	10.67	8.33	2	8.00	11.00	9.50
5	8	7.75	9.12	8.50	3	8.00	10.00	9.33
6	2	8.50	10.00	9.50				
7	4	9.25	9.75	9.25	1	10.00	10.00	10.00
8	2	8.50	10.00	10.00				
9								
Nevada	8	7.88	8.75	8.62	2	8.00	9.00	8.50
District 1	1	7.00	8.00	8.00				
2	2	8.00	9.00	8.50	1	8.00	10.00	9.00
3	1	8.00	8.00	8.00				
4	2	8.00	8.00	8.00	1	8.00	8.00	8.00
5								
6	1	8.00	8.00	8.00				
7								
8	1	8.00	12.00	12.00				
9								
Pacific	513	7.04	7.89	7.55	122	7.98	8.48	8.24
Washington	124	7.27	8.34	7.95	44	8.30	8.77	8.49
District 1	16	6.69	7.75	7.41	3	8.00	8.00	8.00
2	14	8.46	9.71	9.21	3	9.00	9.67	9.67
3	6	7.92	9.67	8.33	1	10.00	10.00	10.00
4	14	7.29	7.79	7.64	1	8.00	8.00	8.00
5	12	7.29	8.17	7.79	8	8.00	8.25	8.12
5a	15	7.67	8.87	8.43	11	9.00	9.45	9.14
6	22	6.50	7.91	7.42	9	7.67	8.44	7.89
7	14	7.21	8.07	8.00	4	7.75	8.50	8.25
8	4	7.50	9.00	8.50	2	9.00	10.00	9.00
9	7	7.14	7.57	7.36	2	7.50	7.50	7.50
Oregon	112	7.41	8.27	7.96	49	8.06	8.43	8.26
District 1	37	7.08	7.97	7.73	16	7.88	8.25	8.19
2	13	7.69	8.15	7.85	8	7.75	8.00	7.88
3	7	7.71	8.57	8.29	3	8.67	8.67	8.67
4	17	7.00	8.18	7.65	8	7.88	8.12	8.00
5	4	8.50	9.00	8.50	1	8.00	10.00	8.00
6	6	7.83	8.00	8.00	2	8.00	8.00	8.00
7	14	7.50	8.14	7.96	3	8.67	8.67	8.67
8	8	7.62	8.50	8.00	4	7.50	8.50	8.00
9	6	8.00	10.00	9.67	4	9.50	10.00	9.75
California	277	6.79	7.54	7.20	29	7.34	8.14	7.83
District 1	14	6.50	7.29	6.93				
2	5	6.60	8.00	7.60	1	8.00	8.00	8.00
3	4	7.00	7.75	7.25				
4	45	6.48	7.26	6.93	1	6.00	8.00	7.00
5	48	6.62	7.35	6.95	2	7.50	7.50	7.50
5a	51	6.98	7.51	7.34	10	7.30	7.90	7.85
6	7	6.71	7.57	7.14				
6a	2	7.50	9.00	8.00	1	8.00	10.00	8.00
8	101	6.95	7.74	7.38	14	7.36	8.29	7.89

On second-mortgage loans the Middle Atlantic and New England divisions have the lowest prevailing rate, while the Mountain division has the highest. Considered by States, the lowest prevailing rate, as before, is for New Hampshire, namely, 5.5 per cent, and the highest for New Mexico, 10 per cent. In several Middle Atlantic and New England States the average low and average high rates will be found to be the same, whereas for the West North Central States, which together furnished one-half of the reports on second-mortgage rates, an average spread of 0.87 per cent is shown.

Comparing the prevailing rates on first and second mortgage loans, it appears that second mortgages bear a rate of interest eighty-seven one-hundredths of 1 per cent higher than those borne on first mortgages for the United States as a whole. In three States, namely, Vermont, Virginia, and Nevada, the reports show an average rate 0.05 per cent, 0.01 per cent, and 0.12 per cent higher, respectively, on first-mortgage than on second-mortgage loans. The reasons for this irregularity in Vermont seem to be the small number of reports received on second-mortgage rates as compared with those on first-mortgage rates, and the fact as pointed out previously that the banks of Vermont hold a large amount of first mortgages in the West where the rates of interest are higher. The second-mortgage loans are presumably more generally on local farms; hence the rates charged are more nearly the local rate. For Virginia and Nevada the explanation seems to be that a relatively small number of banks reported rates on second-mortgage loans, and that the rates reported were not from the banks reporting the highest rates on first-mortgage loans. The same explanation will hold true for the various subdivisions of States or districts where the average rates reported for first mortgages exceed those for second mortgages.

A comparison of the interest rates shown in Table 4 with the rates determined by a study made by the department in 1915 indicates that although the current rates on farm mortgage loans are uniformly higher than those for the earlier date, owing, no doubt, to the increased demand for capital occasioned by war expenditures, there is a slight tendency toward equalization in rates as between different sections of the country. In other words, although the rates for all sections have increased, this increase is less marked in the States whose rates in 1915 were disproportionately high. It seems probable that the loan operations of the Federal land banks, with their uniform rates for all parts of the country, have been a leading factor in this tendency toward equalization.

The districts referred to in the table are those established by the Department in connection with the gathering of data on crop conditions. These district are indicated by number on the map, figure 1.

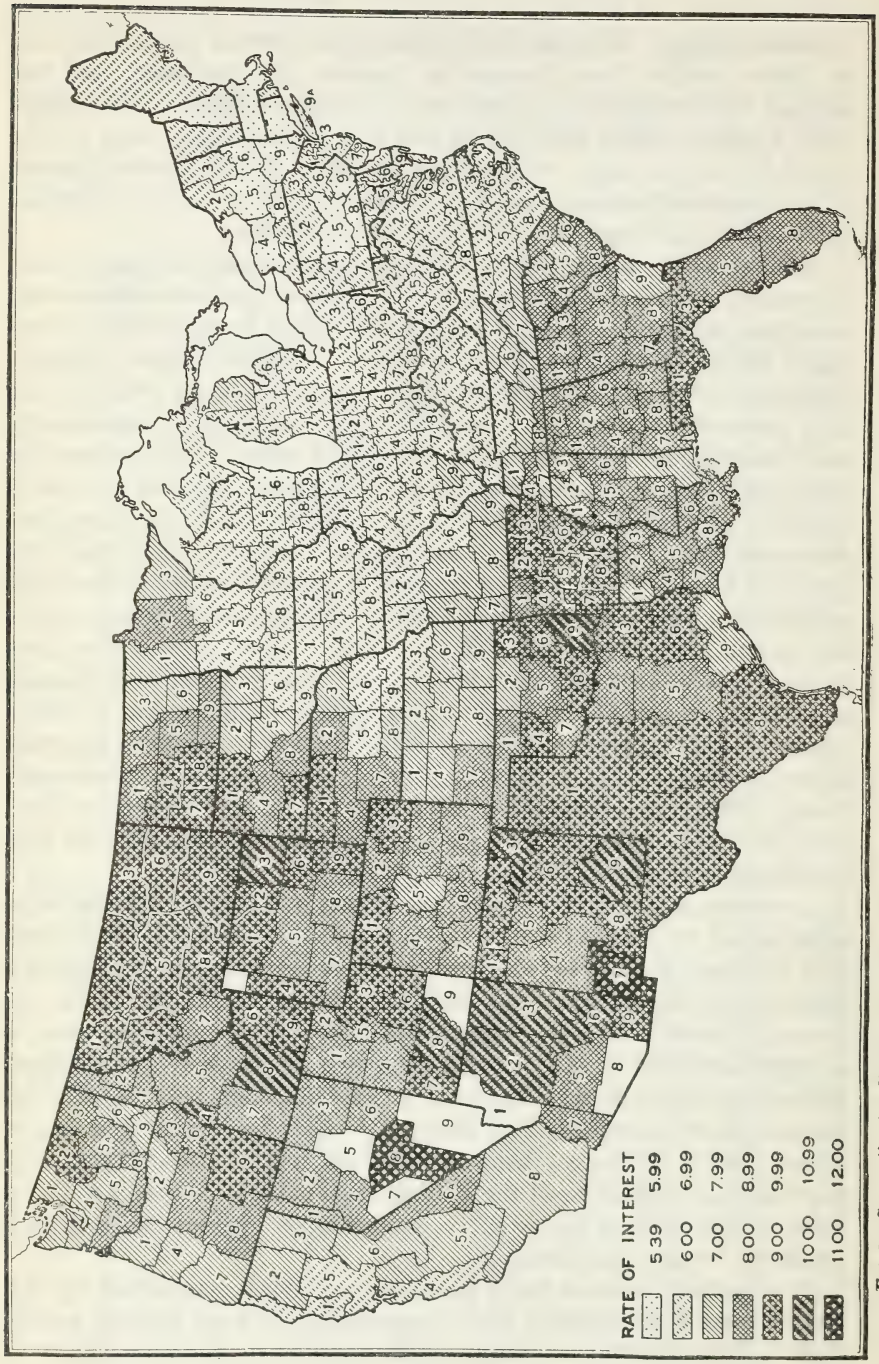

FIG. 1.—Crop estimates districts referred to in Table 4, and approximate prevailing interest rate on first mortgage farm loans in such di trict.

The rates by districts, as shown on the table, are of particular significance for the tier of States comprising the Dakotas, Nebraska, Kansas, Oklahoma, and Texas. In each of these States the variation between rates in the eastern districts and the western districts is very marked. The chief explanation of this variation is the increasing meagerness and uncertainty of the rainfall as one proceeds westward in these States. The map, besides indicating by number the various districts referred to in the table, also indicates by the shading of each district the approximate prevailing rate on first-mortgage loans.

An effort was also made to obtain data on the interest charges by insurance companies. The figures obtained give an average rate for the United States of 5.82 per cent. The lowest average rate for any geographic division was 5.5 per cent, for the New England States, and the lowest for individual States was 5 per cent, for Vermont and Massachusetts. The highest average rates for any geographic division and State were 7.24 per cent, for the Mountain division, and 8.15 per cent for Utah. These figures, however, are not comparable with the rates reported by banks, since the reports indicate that the figures given were in most instances the return realized on outstanding mortgages rather than the current rates. Some of these mortgages have been held for as many as 5 or 10 years. The mortgages held by insurance companies also represent to a much greater extent selected mortgages than is the case with those held by banks. In any comparison of the rates given in Table 4 with those recently published by the Bureau of the Census, it should again be remembered that the latter are not current rates, but the rates actually being paid by farmers on their outstanding mortgages, many of which represent loans negotiated several years earlier than the census date.

An effort was made to obtain also figures on commission and other charges on mortgage loans. The information obtained on this point, however, was insufficient to warrant detailed presentation at this time. Such data as were obtained indicate that when commissions or other charges are made they amount to from one-half of 1 per cent to 3 per cent of the amount of the loan, or, on an annual basis, from two-tenths of 1 per cent to 1 per cent per year.

Table 5 gives a percentage distribution of the replies received from banks according to the prevailing rate reported on first-mortgage farm loans. In the New England, Middle Atlantic, and East North Central States most of the loans are made at 7 per cent or less, whereas in the West South Central and Mountain States a majority of the banks charge more than 9 per cent.

TABLE 5.—*Prevailing rates of interest on first-mortgage farm loans: Per cent of banks reporting the various rates, March, 1921, by States.*[a]

Geographic division and State.	5 per cent.	6 per cent.	7 per cent.	8 per cent.	9 per cent.	10 per cent.	11 per cent.	12 per cent and over.
United States	0.7	33.6	25.8	26.7	3.5	9.6	0.0	0.1
New England	9.0	80.6	9.0	1.4				
Maine		71.1	23.6	5.3				
New Hampshire	57.1	42.9						
Vermont	3.0	87.9	9.1					
Massachusetts	3.0	86.6	9.0	1.4				
Rhode Island		100.0						
Connecticut		97.4	2.6					
Middle Atlantic	2.7	97.1	.2					
New York	2.8	97.2						
New Jersey		100.0						
Pennsylvania	3.0	96.6	.4					
East North Central	1.1	52.8	43.6	2.5				
Ohio		59.1	39.2	1.7				
Indiana		45.7	47.3	7.0				
Illinois	1.5	56.9	41.6					
Michigan		33.5	66.5					
Wisconsin	3.4	61.9	31.0	3.7				
West North Central	.1	25.8	36.2	27.0	4.7	6.2		
Minnesota		29.8	46.2	21.3	1.5	1.2		
Iowa	.7	48.6	42.1	8.6				
Missouri		23.5	36.8	39.7				
North Dakota		1.8	14.3	40.3	24.2	19.4		
South Dakota		20.5	33.9	21.3	5.2	19.1		
Nebraska		30.9	34.9	18.1	4.4	11.7		
Kansas		16.5	37.2	40.8	2.6	2.9		
South Atlantic		38.0	2.4	51.9	3.2	4.1		.4
Delaware		100.0						
Maryland		100.0						
District of Columbia		100.0						
Virginia		88.2	5.4	6.4				
West Virginia		94.1	5.9					
North Carolina		92.0	4.0	4.0				
South Carolina			1.1	98.3		.6		
Georgia			1.7	80.9	7.5	8.7		1.2
Florida				63.1	15.2	21.7		
East South Central		22.2	6.9	66.5	1.5	2.6		.3
Kentucky		68.7	17.2	13.4	.7			
Tennessee		25.1	8.2	61.4	.6	4.7		
Alabama				90.6	3.4	4.7		1.3
Mississippi			3.2	94.8	1.3	.7		
West South Central	.2	1.5	2.9	34.9	10.2	50.3		
Arkansas				25.6	12.8	61.6		
Louisiana				83.4	8.3	8.3		
Oklahoma	.5	4.3	7.0	22.7	11.4	54.1		
Texas		.4	1.8	39.9	8.1	49.8		
Mountain		.6	3.3	34.5	11.9	48.9	.2	.6
Montana		.6	1.8	13.6	13.6	70.4		
Idaho			5.6	45.1	7.0	42.3		
Wyoming				32.7	18.2	45.5	1.8	1.8
Colorado		1.7	7.4	50.4	10.7	29.8		
New Mexico			3.0	21.2	3.0	69.8		3.0
Arizona				47.6	4.8	47.6		
Utah				53.7	19.5	26.8		
Nevada				75.0	12.5			12.5
Pacific		2.7	47.0	44.0	1.8	4.5		
Washington			27.4	57.3	4.0	11.3		
Oregon		3.6	13.4	72.3	3.6	7.1		
California		3.6	69.3	26.7		.4		

[a] Rates involving fractions of 1 per cent are approximated to the nearest unit.

TERM OF LOAN AND METHOD OF REPAYMENT.

Farm mortgage loans by banks are usually made for relatively short periods of time. Only rarely do such loans run for a period as long as 5 years. Insurance companies make loans as a rule for somewhat longer periods of time. Of 182 insurance companies which gave information on this question, 102 stated that the terms of their loans were not over 5 years; 72 that they loaned for not over 10 years; and 6 that they had some loans of more than 10 years maturity. Of 65 mortgage bankers who reported on this question, 34 stated that the terms of their loans were not over 5 years; 27 that they were not over 10 years; and 4 that some loans were for more than 10 years.

On the question of the method of repayment of loans, 177 insurance companies and 61 mortgage bankers reported as follows: Thirty-three insurance companies and 8 mortgage bankers stated that their loans were straight loans to be paid at maturity; 17 insurance companies and 5 mortgage bankers that repayment was optional at any time; 18 insurance companies and 9 mortgage bankers that repayment could be made in whole or in part after specified periods of from 1 to 5 years. Eighty-four insurance companies and 34 mortgage bankers stated that payments could be made on the principal on any interest date, in multiples of from $100 to $500, or one-fifth or one-tenth of the principal in any one year, after the lapse of a certain period varying from 1 to 5 years. Nineteen insurance companies and 1 mortgage banker stated that certain annual payments were required, sometimes specified as $100 to $500, or one-fifth or one-tenth of the loan, while 6 insurance companies and 4 mortgage bankers reported using the amortization plan of loans running for 20 to 30 years.

CONCLUSION.

While the increase in farm mortgage indebtedness during the last decade, as indicated on the earlier pages of this bulletin, appears almost startling, such increase is not in itself a cause for alarm. It is rather a logical result of increased market value of farms. The increase in these values, in turn, reflects better farm incomes during the decade in question than prevailed during preceding decades, these incomes being to a considerable extent invested in added permanent improvements in the form of buildings, fences, silos, and drainage and irrigation systems.

A very considerable percentage of farm mortgages are the result of land transfers, the mortgage, like tenancy, forming a rung in the agricultural ladder leading to farm ownership. The size of the mortgage naturally tends to bear a direct relationship to the purchase price of the farm.

To the extent that farm mortgages are the result of investments in productive permanent improvements and equipment by existing farm owners, they evidence progress and not regression. In general, the increase in farm mortgages during each decade since data on this subject were first gathered by the census has been most marked in sections which have made the greatest progress during the decade. Even where improvements of the kind above mentioned are paid for out of savings instead of with the proceeds of loans, the increased value and price of a farm is quite certain to result in a larger mortgage in case the farm is transferred to a new owner.

In spite of the great increase in farm mortgage debt during the past decade, an increase which for the country as a whole has slightly more than kept pace with the increase in land values, it may be doubted if any other industry shows so small a percentage of mortgage or bonded debt as agriculture. The farm mortgage debt in 1910, so far as this debt was ascertained by the census, represented 27.3 per cent of the value of the mortgaged farms, while that in 1920 represented 29.1 per cent of the value of the farms for which mortgage debt was reported. The total farm mortgage debt, indicated by the estimated figures in Table 1, constitutes 12.9 per cent of the total farm values in the United States.

While the farm mortgage debt considered as a whole is thus but a relatively small percentage of the total farm values, and only about 2 per cent more of the value of the mortgaged farms than was the case in 1910, it is true beyond doubt that many individual farmers who purchased land during the recent boom period assumed mortgages which even with a continuation of fair prices for agricultural products would have been heavy burdens, and which, with the present marked disparity between prices of farm products and prices of supplies and equipment which the farmer must buy, are a matter of very serious concern.

As sources of farm mortgage loans the commercial banks with upward of a billion and a half of such loans continue to be of first importance. Ranking second as a source of farm mortgage loans are the life insurance companies, with total outstanding loans of a billion and a quarter.

The reports of loans reported by farm mortgage bankers, as explained on an earlier page, are very incomplete. Institutions of this class therefore are a more important source of farm mortgage loans than the figures in Table 1 indicate. Not only do these organizations as a class hold a considerably larger amount than the quarter of a billion dollars reported, but they annually place a large volume of farm mortgages which are passed on to other investors. This, of course, is true also of commercial banks, particularly those operating in rural districts.

State funds or loan agencies constitute a source of importance only in a few States, the State of South Dakota being particularly noteworthy in this respect.

While the banks operating under the Federal Farm Loan System as yet hold but a small percentage of the total farm mortgage loans they are a potential source of far-reaching significance. In spite of the brief period of their existence and the handicap under which they have hitherto operated, these banks now hold more than one-tenth of all the mortgages in 14 States. In Florida, Mississippi, and Utah they hold one-sixth, and in West Virginia more than one-fifth. These banks are no doubt a leading factor in bringing about a closer approach to uniformity in interest rates for various sections of the country and in keeping such rates more nearly on a par with charges for loans on urban real estate. While the maximum loan that may be made by the Federal land banks to any one individual is at present too low fully to meet the legitimate demands of borrowers in certain of the more highly developed sections of the country, the type of loan offered by these banks is particularly well adapted to the purchase of land by prospective farmers, as well as to the funding of existing mortgage indebtedness. The long term of these loans and the amortization plan of repayment further tend to make it easier to obtain an additional loan on second mortgage than is the case where the first mortgage runs for a short period and is not diminished from year to year by an amortization payment. This is also an advantage to the landless farmer, since it makes it more possible for him to become an owner even when his available cash resources are relatively small.

It seems probable that other loan institutions will be influenced by the example of the Federal land banks to make the terms and methods involved in their loans more generally adapted to the farmers' needs; hence that the time of enforced short-term mortgages, heavy commission charges, and the necessity of frequent renewals, coupled in times of depression with danger of foreclosures, is about to give way to a farm-credit situation more favorable to agricultural stability and prosperity.

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